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Director

## County of Los Angeles DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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July 30, 2004

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From: David Sanders, Ph.D.   
Director

### TRI-CITY MENTAL HEALTH CENTER WRAPAROUND APPROACH PHASE II (WRAPAROUND) CONTRACT

This is to Report on the expiration of the Tri-City Wraparound contract and plan for uninterrupted services to children and families residing in Pomona, La Verne, Claremont as required by Board motion on July 20, 2004

#### Background Regarding Tri-City's Wraparound Contract

On October 8, 2002, the County entered into a contract with Tri-City Mental Health Center for Wraparound services. Wraparound is a strengths-based, family-centered approach that allows greater flexibility to meet the complex needs of children 8-17 who are in foster care or at risk of being placed or institutionalized. The overall goal of this approach is to maintain these children in a permanent family setting using community-based services and supports in order to avoid group home care. Wraparound services receive federal funding as part of a Title IV-E waiver.

On February 13, 2004, Tri-City filed a voluntary petition under Chapter 9 of the United States Bankruptcy Code, Bankruptcy Case No. LA 04-13167-BR. Thereafter, Tri-City filed a Motion to Reject Certain Executory Contracts and Unexpired Leases which was approved by the Bankruptcy Court. As agreed to on the record by the Debtor and the County and approved by the Court on March 5, 2004, the Family Preservation Mental Health Services Agreement (DCFS - 73463) was terminated by court order as of the close of business on March 5, 2004. Tri-City, however, did not include in its Bankruptcy

Court Motion to Reject Certain Executory Contracts and Unexpired Leases the Wraparound contract. Furthermore, Tri-City communicated, through the County's bankruptcy counsel, its intent to continue providing Wraparound services in order to assist Tri-City in its reorganization efforts.

### **Expiration of Tri-City's Wraparound Contract**

On February 17, 2004, your Board ~~directed that all County~~ contracts with Tri-City be terminated. At that time, I recommended to your Board not to pursue early termination of the Wraparound contract. Allowing the contract to expire under its own terms in July 2004 would allow Tri-City, as it requested, ~~additional~~ time to reorganize and stabilize its fiscal planning without jeopardizing the health and safety of the children it served. To assure the health and safety of these children, the Department of Children and Family Services (DCFS) conducted a review of ~~client cases~~ and I was confident of our ongoing ability to monitor the cases handled by Tri-City.

By late June 2004, Tri-City had drafted iterations of their Projections For The Four Fiscal Years Ending June 30, 2005 through 2008, and presented these to DCFS and the Department of Mental Health (DMH). Tri-City's projections identified the Wraparound contract as an important revenue source. Roughly, it projected \$1.58M revenues for the 04-05 fiscal year based on an active Wraparound caseload of 22 families. For the reasons discussed below, in light of the current status of the Wraparound Title IV-E Waiver and Tri-City's active caseload, it is unlikely that Tri-City can achieve its projections.

In a letter dated June 29, 2004, the California Department of Social Services (CDSS) mandated, per the order of the Administration on Children and Families (ACF), that all counties stop enrolling federally-eligible children into the Wraparound program as of June 30, 2004, since the Wraparound Waiver has not been cost neutral. Additionally, in anticipation of transitioning Tri-City's caseload to another Wraparound provider in the same Service Planning Area (SPA), DCFS determined that 6 of the 21 families' cases can be appropriately closed at this time. Thus, with the closure of these cases, currently with Tri-City, and the cessation of all new enrollments of federally-eligible children, it is likely Tri-City's ongoing client caseload and Wraparound revenues would be substantially lower than projected.

Given Tri-City's current uncertain financial status, the lack of a Bankruptcy Court approved reorganization plan, the status of the Wraparound Title IV-E Waiver, and the status of Tri-City's active caseload, it is in the best interest of the DCFS children and families that, at this time, the Tri-City ~~Wraparound contract~~ expire under its own terms as of July 31, 2004.

### Transition Plans Regarding Tri-City's Wraparound Contract

Tri-City staff have been very cooperative in the transition of clients to SPA 3 Wraparound provider The Sycamores and have participated professionally in the meetings with The Sycamores staff and DCFS staff to transition each client. Of the 21 current clients, 14 will transition to The Sycamores, 1 will transition to Star View because the mother has moved to SPA 6, 1 will graduate from Wraparound (a best case closure scenario), 5 other client case will be closed (2 closed at family's request, 1 client is in Probation placement, and 2 clients are long time AWOLs). These transition plans were approved by the County's Interagency Screening Committee consistent with the ideals of the Wraparound model approach.

Tri-City Mental Health Center Executive Director Luann Martensen cancelled the meeting we had scheduled for July 29, 2004. Should we meet upon her return from vacation in mid-August, I will reaffirm with Ms. Martensen that should Tri-City's reorganization plan be approved by the Bankruptcy Court and its fiscal stability reestablished, Tri-City is welcome to apply again to become a Wraparound services contractor. Contracts for the revised Wraparound program solicited through a Request For Statement of Qualifications (RFSQ) released during the next 6-9 months will be continuously open, allowing Tri-City and other prospective contractors the opportunity to apply during the entire term of the contract.

I will keep you apprised of new developments related to the Wraparound program and continue to be available to Ms. Martensen and Tri-City management.

DS:AC:WC

c: Chief Administrative Officer  
County Counsel  
Marvin Southard